



GEOGRAPHICAL LABOUR MARKET IMBALANCES

Chiara Mussida and Francesco Pastore – Editors

Daniela PAȘNICU¹

*¹“Spiru Haret” University, Ion Ghica, no. 13, Bucharest, 030045, Romania
National Scientific Research Institute for Labour and Social Protection,
Bucharest, Romania*

Tel: +40214551000, Fax: +40213143900,

Email: danielapasnicu@yahoo.com

Chiara Mussida received her B.A. and Ph.D. in Economics from Università Cattolica del Sacro Cuore (Piacenza and Milan) in 2005 and 2009, respectively. Between 2006 and 2007, she also studied at the University of Sussex (Brighton, UK), where she obtained a Master of Arts in Development Economics (2007). She also collaborated with national and international research centres. She is an Assistant Professor at the Department of Economic and Social Sciences, Università Cattolica del Sacro Cuore (Piacenza), since December 2012. Her research interests include labour economics and microeconometrics.

Francesco Pastore is an Associate Professor at Department of Law, Seconda Università di Napoli and a research fellow of the IZA of Bonn. In 2013, he qualified as full professor of Economic Policy in the national habilitation system. He is a member of the executive board of the Italian Association of Labour Economists (AIEL) and of the Italian Association of Comparative Economic Studies (AISSEC). He earned a Ph.D. in Economics at the University of Sussex, UK. He has acted as a consultant for the International Labour Office, the United Nations Development Programme and the World Bank, among others.

The book, entitled *Geographical Labour Market Imbalances*, represents a collective volume of outstanding scientific papers concerning regional issues, which were presented at the XXVII National Conference of Labour



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Economics organized by AIEL (Italian Association of Labour Economics), the Department of Law of Secunda Università di Napoli and the Departments of Economic and Social Sciences of the Università Cattolica del Sacro Cuore (Piacenza), 27-28 September 2012.

Through the contributions included in the book, the editors focused on debating important and actual topics, such as: the reasons why structural change causes a slump in some regions but not in others; the extent to which agglomeration factors explain regional imbalances; the degree of convergence/divergence across EU countries and regions; the role of labour mobility in reducing/increasing regional labour market imbalances; the impact of EU and country-level regional policy in stimulating convergence and the (unsatisfactory) role of active labour market policies in stimulating labour supply in the weakest economic areas. By objectives, by methodological approach of structural imbalances on the labour market at a regional level and of the factors causing them, in a static and dynamic way, in the context of data analysis in the panel, in order to identify those regional policies that lead to the convergence of the key indicators of the labour market, the study is new, enriching the specialty literature.

The book comprises 16 chapters structured in 4 parts: Determinants of Regional Unemployment; Agglomeration Economies; Differences in Human Capital and R&D and Regional Policy.

The first part of the book includes analyzes concerning: an overview of the existing literature on regional unemployment differentials; the link between unemployment and worker turnover; determinants of regional unemployment differentials in Germany in a spatial panel data context; cross-regional wage differentials in one of the largest countries in the world, Russia and convergence of wages in Kazakhstan using a panel of regions (NUTS3 level). Starting from the ideas of neoclassical models that regions with high unemployment are characterized by supply-side constraints and institutional rigidities and that wage flexibility and the ensuing mobility of production factors as means of adjustment and convergence, the book is looking for answers and solutions to mitigate the deepening/persistent regional differences in labour market.

The second part focuses on the New Economic Geography approach to regional economic development and, indirectly, labour market imbalances.



Analyses included in this part refer to: effects of many factors, i.e., the presence of an industrial district, the level of productive specialization, the degree of sectoral diversification, the population density, the level of local competition, and the average firm size, characterizing the local industry structure on employment growth in Italy; influence of agglomeration externalities and spatial spillovers on the production process of Italian regions and uneven distribution of innovation among geographical areas.

The third part focuses on new determinants of regional unemployment, such as the location of innovative economic activities, sectors with a higher investment level in R&D, and which are likelier to attract direct investment from abroad. Subjects covered by this part: business services as an important component for the country's competitiveness as a result of the direct effect on the economy but also for their impact on manufacturing; empirical study of the patenting propensity at the European regional level, in order to depict the existing territorial differences in productivity levels and the structural changes in some sectors; education as a key factor, directly or indirectly of migrants' integration; the enrolment decisions of Italian secondary school graduates related to the cost of participating in higher education explicitly considering tuition fees and the cost of moving to other locations; globalization and female employment in OECD countries.

Part four focuses on three intervention policies: the EU structural funds, the program for self-employment, and macroeconomic policy. The first two chapters provide a range of methodological tools for policy evaluation, which are important for the development of an evidence-based regional policy. The third chapter contains a suggestion which is useful for policy makers, namely to measure local GDP by using regional PPP deflators in order to catch the impact on wage differentials of local price dynamics.

The second and third parts have a high novelty character through the topics discussed, namely: the role of agglomeration factors, of R&D, of foreign direct investment, and of human capital accumulation. The papers presented have broadened the spectrum analysis of the factors that lead to regional imbalances in the labour market and the methods of analysis using spatial econometric analysis.

The papers included in the book are addressed in connection, in a holistic and logical chain trying to cover as many regions and issues. The



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chapter's authors, with skill and understanding, succeed in clarifying relevant and actual issues of the regional labour market and present them in a clear and accessible way without charging or overwhelming the reader with specialist terms. The value of the knowledge from the book is enhanced by the balanced presentation, through a multidisciplinary and multidimensional screening, which combines economic analysis, with the social as well as politic sides by utilizing the relevant statistic, econometrics instruments when presenting a certain event.

The spectrum of readers to whom the book is addressed is large, due to valuable scientific contribution that open the interest in broadening the horizon, making decisions in the labour market, thus, making it possible to realize them on a higher level in future research.